

TASC

Technical Assistance and Services Center

Flex Program Hour Highlights

Date: April 26, 2000, 3:00 p.m. EST

Topic: Reimbursement Issues

Facilitator: Terry Hill, TASC

Technical Advisors: Keith Mueller, RUPRI

John Supplitt, American Hospital Association

Greg Chesmore, HCFA, Region V

Brian Haapala, Northland Health Group

Lab Reimbursement

- *Keith Mueller:* The Senate Rural Health Caucus and NRHA are currently scheduling meetings with HCFA representatives to get final clarity on this issue. Both groups are saying their understanding is that since HCFA is not enforcing the BBRA provision, hospitals should continue to function under pre-BBRA provisions (cost-based and co-pay) until October 1 when the schedule provision will be implemented. There still seems to be disagreement whether HCFA could implement the BBRA the way Congress had intended without a legislative change. John Supplitt agreed with this information.
- *Greg Chesmore:* He has learned that a final memorandum from the central HCFA office will be out within two weeks. This memo will give specific direction to FIs and further clarification on the lab issue will be included.
- *Question:* Will the memo definitively say what to do with co-pays withheld since November '99?
Greg Chesmore: He won't guess what the memo will say. But the BBRA says that on the day of enactment, co-pays are not to be collected.
- *Forrest Calico, ORHP:* The Office of Rural Health Policy has been having bi-monthly meetings with HCFA staffers Tom Hoyer and Linda Ruiz. These meetings have allowed for consistent dialogue and follow-up. The ORHP will offer SORHs meeting minutes.
- *Question:* Who is taking the lead legislatively? Is there "fix" language already drafted?
Forrest Calico: Senator Pat Roberts is taking a lead and staff member Heidi Cashman confirmed there is already language available and she is optimistic it will be tagged onto an upcoming bill. The Senate Rural Health Caucus is also actively involved, as is Senator Baucus. The Finance Committee been a bit of a roadblock because they don't believe legislative fix is necessary.
- *Terry Hill:* TASC suggests there be one central point as the question collector and disseminator for HCFA inquiries. This central point would be responsible for collecting questions and compiling a list (eliminating overlaps) and then providing a written response. The goal is to not have to make interpretations, but get definitive answers and communicate these answers to all

state Flex program staff. TASC can act as the interim central point until a formal system is in place.

APCs/Outpatient PPS Reimbursement

- *Terry Hill:* According to the BBRA, beginning July 1, 2000, all hospitals will implement outpatient PPS. However, hospitals under 100 beds will be held harmless until 2004 for any losses incurred. (HCFA said they would reconcile the difference monthly, not annually, to prevent cash flow problems.) The question whether CAHs are exempt from submitting data under the new “line item date of service billing system.”
- *Greg Chesmore:* Greg mentioned the topic of whether CAHs would be required to use APC codes or report using line item dates of service was discussed in a 4/25 national conference call on outpatient PPS. However he suggested holding off on any definitive statement until HCFA publishes an official document, which should be in the next few weeks, and will be found at www.hcfa.gov.
- *Question:* CAHs don’t have to implement it, but what about non-CAHs under 100 beds?
John Campbell, HCFA, Region V: While there is not yet official word from HCFA, we believe they will have to implement the APCs. However, it’s possible they will be held to some other standard of reporting. HCFA is researching this issue and will make a written statement of direction.

All-inclusive Payment

- *Terry Hill:* Under the RPDH program, hospitals billed for physician services provided in their outpatient settings under an “all-inclusive” rate and were reimbursed on the basis of costs for the professional component. This option was attractive because it permitted the RPDHs to employ physicians and recover this cost, plus associated overhead. The alternative is payment for physician services under the professional component of Medicare Part B (physician fee schedule), which is often lower in rural settings. At the last minute in development of the BBRA, the “all-inclusive” option was changed to limit the amount of payment hospitals could bill to the Medicare fee schedule.

Cost-based reimbursement for the professional component (physician services) is a good incentive for achieving better access to primary care in rural areas. Many rural areas are in desperate need for primary care and face severe challenges in recruitment and retention. As long as physicians in rural areas do not have similar opportunities in terms of practice income, there will continue to be rural shortages for primary care. Under cost-based reimbursement, rural hospitals can employ physicians and pay them competitive rates, which also strengthens the relationship between the physician and the hospital.

- *Keith Mueller:* Agreed those are persuasive arguments for correcting the language for those who don’t want the all-inclusive payment system for whatever reason. Keith has heard no legislative movement on the “all-inclusive” rate issue. Congress and the Ways and Means Committee had intentionally changed this language for BBRA and aren’t motivated to change it again, at least this session.

Clinic Reimbursement

- *Terry Hill:* The issue was brought up at the NOSORH Region C annual conference whether hospital-owned clinics not adjacent to a CAH can be reimbursed at the cost-based level.
- *Keith Mueller:* Following logic, he would say no. It's not a service being delivered to patients at the CAH. But, if the physically detached facility was classified as part of the CAH, and it's an outpatient service, you could probably get reimbursed at the CAH level.
- *Bob Ellis, Consultant at Westport Group:* Provider-based clinics have specific issues. You have to make sure you follow specific criteria under BBC.

Other Issues

- *Question:* Is JCAHO setting up an accreditation process for CAHs?
Brian Haapala: He understands from JCAHO's recent press release that they intend to create a track for CAHs. In the interim, hospitals that were JCAHO-accredited previously are still accredited. There are two options for non-JCAHO-accredited CAHs: (1) pursue accreditation under the traditional hospital track, or (2) ask JCAHO for an extension on accreditation until the CAH process is ready.
- *Terry Hill:* For further information, see "Joint Commission to Address Critical Access Hospitals" on JCAHO's web site, www.jcaho.org/news_frm.html.